

2.5 Municipal infrastructure and other grants

The Kannaland municipality is still very dependent upon grants through the Division of Revenue Allocation (DORA) which is made annually from National Treasury. The performance in spending grants which the municipality receives from national government can be summarized as follows:

Municipal Infrastructure Grant (MIG)

Description of project	Available funding 20010/11 R'000	Amount spent R'000	% spent
Upgrading of Streets	R7,894,000	R6,420,000	82%

Other Grants for Capital projects

Description of the project	Name of grant and de- partment	Available funding 2010/11 R'000	Amount spent R'000	% spent
Electricity Demand-Side Management	DME	R6,000,000	R2,843,000	48%
Van Wyksdorp Sports Ground	Department of Sport & Culture	R247,000	R247,000	100%
Water meter project	Eden	R960,000	R960,000	100%
Disasterfunds	MIG			
Nissenville Crossing & Roads	PAWC	R120,012	R120,012	100%
Ladismith Roads	PAWC	R27,126	R27,126	100%
Zoar Pipeline	DWAF	R175,773	R175,773	100%
Zoar Pumpstation and Waterworks	DWAF	R926,200	R926,200	100%

2.6 Summary of Capital Projects

Description of the project	Ward nr/ Area	Available funding 2010/11 R'000	Amount spent R'000	% spent	Project com- pleted Yes/No
Van Wyksdorp Sports Ground	3	R247,000	R247,000	100%	Yes
Electricity Demand-Side Management	1-5	R6,000,000	R2,843,000	48%	No
Water meter project	1-5	R960,000	R960,000	100%	No
Upgrading of Streets Zoar	1	R6,056,698	R4,582,641	76%	No
Upgrading of Streets Calitzdorp	2	R1,837,302	R1,837,302	100%	Yes
Disaster-funds Ladismith & Nissenville	4&5	R147,137	R147,137	100%	Yes
Disasterfunds Zoar	1	R1,101,975	R1,101,975	100%	Yes

2.7 LOCAL ECONOMIC DEVELOPMENT

According to the Provincial Government Western Cape's Socio-Economic Profile for Eden District Municipality (2006), the Kannaland local economy grew at an average annual rate of 1,3 per cent between 1995 and 2004, which is lower than that of Eden District Municipality (Eden DM) at 3,3 per cent. However, between 2000 and 2004, the economy grew at an increasing annual rate of 1,6% reaching a growth rate of 3,1 per cent in 2003 and 2004. Kannaland Local Municipality played an insignificant role in the Eden District economy between 1996 and 2004. In 2004, Kannaland contributed 3,0 per cent or a mere R0,256 billion of R8,7 billion of the proportion of total GDP in Eden.

The largest contributors to Kannaland's GDP in 2004 were:

- Agriculture (29%);
- Manufacturing (19%);
- General Government services (14%); and
- Finance and Business services (11%)

Agriculture is the backbone of Kannaland's economy, accounting for about 30 per cent of economic activity. Fruit and dairy farming are the biggest contributors to the area's agricultural output, within mixed farming (ostriches, small livestock and game) prevalent. Unlike other areas where the sector experienced a serious decline, its share of contribution to total output increased marginally from 1995 to 2004, and so did the growth rates

The municipality has supported the two local tourism bureaux with R180 000 per year to cover the running costs of the offices which operate from Ladismith and Calitzdorp. During the past year the two offices have combined received 2125 visitors, with domestic (60%) and remaining 40% being made up of mainly Germany (12% at 275 visitors), United Kingdom (8% at 183 visitors) Canada (2% at 43 visitors) and France (2% at 54 visitors). It is important to note that these figures only represent visitors who walked into the local tourism offices and the visitor figure to the Kannaland area is certainly larger because the majority of tourists pre-book their visits and do not visit a local tourism bureau. During the period under review the municipality has funded the following LED programs/projects:

Festivals

The municipality has supported the following festivals financially:

- Womans Day
- Heritage Day Festival
- Towerkop Rally :
- Zoar Sport & Culture Festival
- Seweweekspoort MTB
- The following festivals took place with the infrastructural and institutional support of the Kannaland Municipality:
- Towerkop Sleepover rally
- Seweweekspoort MTB Challenge
- Zoar Erfenis fees
- Ladismith Eco fees
- Calitzdorp Port Festival
- Kannaland Vasbyt (Walk)

As part of the support from Eden District Municipality, the LED unit supported Kannaland with the registration of SMME's on the municipal supply chain database.

The municipality also supported the roll-out of 16 days activism program.

Kannaland has tremendous potential as an emerging tourism area and is a growing tourism destination, thanks to the scenic R62 tourism route. The municipality collaborates closely with the local and district Tourism Agencies in facilitating events and festivals. During the new year the Council will re-assess the tourism function through the revision of the LED strategy.

Job creation and Expanded Public Works Program

The Expanded Public Works Programme is one of government arrays of programmes aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities. The municipality also fared as the best EPWP site implementer outside of the metro.



Through the municipal budget, Kannaland has managed to create the following temporary jobs, through own EPWP projects such as paving, cleaning, etc.

Calitzdorp	128
Ladismith	157
Zoar	80
Van Wyksdorp	18

Bursaries

During the period under review the municipality made study aid available to 36 learners from the Kannaland area to the amount of R 145 000.

Planning

During the reporting period 70 building plans were approved in total, with a combined value of R14 417 375. Of these approved 25% were for Ladismith 25%, 30% for Calitzdorp and 45% in the rural areas. 85 % of approved building plans were for residential use and 15 for business use. Capacity , 1 person performing provision made on organogram for expanding department to 2 building inspectors, 1 regional area planning. 2 artisans maintenance.



ORGANISATIONAL DEVELOPMENT

CHAPTER 3

3.1 Introducing the municipal workforce

The municipality has a staff complement of 98 full time workers. During the period under review the municipal management team undertook a lengthy process of revising the macro organogram to ensure alignment of strategic organisational functions with the staff structure. This process lead to the municipality projecting that its organisational structure would need to grow to include the following staff functions, however it must be noted that the acid test would have to be the available resources at hand to fund these positions:-

3.1.1 Approved and vacant posts on post levels

New Posts

The following posts have been provided on the organogram and while they might not be supported financially, they are reflected as part of management practice and legislative compliance.

Nr	Division and posttitle		Post Level/Job Grading
	Municipal Manager		
	Director: Strategic services	New Post	Unfunded
	Manager LED	New Post	Unfunded
	Town Coordinator: Czd	New Post	Unfunded
	Town Coordinator: Vwd	New Post	Unfunded
	Town Coordinator: Zoar	New Post	Unfunded
	Town Coordinator: Ladismith	New Post	Unfunded
	Corporate Services	New post	Funded
	Manager: Legal services	New Post	
	Manager: Admin Services	New Post	T14
	Head: Human Services	New Post	PI/T14
	Community Services		
	Director: Community Services	New Post	NVT
	Manager: Community Services		PI/T15
	Senior Librarian		T11/018
	Foreman		T 11
	Technical Services		
	Project Manager		NVT
	Call Centre Official		NVT

	Foreman: Refuse Removal Services		T 11/12
	Foreman: Network and Support Services: Lds		PI/T11
	Foreman Czd		T 7/8
	Foreman Zoar		T 7/8
	Foreman Vwd		T 7/8

3.1.2 Appointments

During the 2010/2011 financial year the following appointments were made:

Occupational Levels											TO-TAL
	Male			Female				White Male	Foreign Nation-als		
	A	C	I	A	C	I	W	W	Male	Female	
Top management	1										1
Senior management		1						2			3
Professionally qualified and experienced specialists and mid-management					5			2			7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents		7		1	2		1	1			12
Semi-skilled and discretionary decision making		2			1		1				4
Unskilled and defined decision making											0
TOTAL PERMANENT	1	10	0	1	8	0	2	5	0	0	27
Non – permanent employees	0	0	0	0	1	0	0	0	0	0	1
GRAND TOTAL	1	10	0	1	8	0	2	5	0	0	27

During the 2010/11 financial year, the Municipality appointed 27 employees in various departments. All of these appointments were based on both the service delivery needs and the Employment Equity Plan. The biggest challenge for the municipality remains maintaining a staff establishment which promotes service delivery, sustained productivity and revenue streams for the municipality.

3.2. Capacitating the municipal workforce

During the period under review the municipality hosted the following training for councilors and staff:-

Municipal staff

Labour Intensive Construction (NQF level 5)	4
First Aid & Safety	10
Supervisor Training Course	4
Local Government Accounting Certificate	9
Local Economic Development Learnerships	12
Integrated Development Planning	1
Occupationally Directed Training and Development Practices	(Telematics) 7
Competency Program for Municipal Development and Municipal Finance (CPMD)	17

Councillors

Councillor Induction (SALGA) ☒ 7

SALGA Councillor Development Program (2 Councillors) (UWC)

3.3 HR Policies and plans

Policies approved	
Name of policy	Proposed date of approval
Cellphone Policy (Financial/HR)	December 2007
Internet use and Email Policy	July 2007
Private Work Policy	
Policies still to be developed:	
Name of policy	Proposed date of approval
Staff retention policy	2012
Datacard Policy	2012
Employee Wellness Policy	2012

3.4 Workforce Profile/Employment equity

The Kannaland Municipality has an Employment Equity Plan and submitted the following report to the department of Labour on its workforce composition:-

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	6	0	18	0	2	1	2	0	0	30
Senior management	3	13	0	9	2	12	0	4	0	0	43
Professionally qualified and experienced specialists and mid-management	2	23	0	14	8	9	0	8	0	0	64
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	14	77	0	18	5	26	1	6	0	0	147
Semi-skilled and discretionary decision making	0	7	0	0	0	5	0	0	0	0	12
Unskilled and defined decision making	38	97	0	6	10	50	0	0	0	0	201
TOTAL PERMANENT	58	223	0	65	25	104	2	20	0	0	497
Temporary employees	1	6	0	2	1	5	0	2	0	0	17
GRAND TOTAL	59	229	0	67	26	109	2	22	0	0	514

R POST LEVEL		
Post level	Approved	Vacant
MM & MSA section 57	4	2
Middle management	8	8
Admin Officers	17	17
General Workers	72	74
Total	98	104

FUNCTIONAL SERVICE DELIVERY REPORT

CHAPTER 4

4.1 Functional breakdown by Department

Department	Functions
Municipal Manager	Disaster Management, Internal Audit, Performance Management, Integrated development Planning, Local Economic Development
Corporate Services	Administration, Councillor Support, Community Services, libraries, Human Resource
Financial Services	Supply Chain Management, Budget and Treasury, Expenditure Management, Revenue Management,
Technical Services	Electrical, sewerage, sanitation, Streets, Water

4.2 Community Services

- Swimming Pools
- Cemeteries
- Community Halls
- Street Cleaning
- Libraries
- Traffic
- Parks and recreation

The Community Services portfolio, which falls under Corporate Services is responsible for administering traffic management, the housing requirement, amenities, parks and recreational facilities, cemeteries, and to interact with the local tourism industry.

Traffic

Traffic services are staffed by 2 traffic officers, and 1 vehicle examination officer. Two cashiers are responsible for handling the financial transactions.

To ensure road safety and responsible motoring, Kannaland has outsourced the traffic speed camera collection function to TMT. For the period under review, a total of 10 068 speed fines were issued.

Challenges:

A shortage of senior personnel to perform the supervisory function has been experienced. The current fleet is also quite inadequate. However, the overall effectiveness of the division will be enhanced with the proposed appointment of additional traffic officers and the acquisition of a vehicle or two.

Housing

The housing function resorts under a Senior Manager, who is assisted by one other official.

Challenges:

Whilst the housing shortage is a national challenge, the current housing waiting list in Kannaland stands at 2454.

Amenities & Social Cohesion

Each of the four towns has its own Community Hall. The section of Community Services dealing with the management of this function is hugely under-staffed, with only two officials having to take care of all four halls. Some of the halls and buildings that have shown signs of being in need of urgent repair have been attended to. During February 2011 the sportfield at Zoar was upgraded and opened.

Several sports facilities are within reach of the communities, but these are in need of upgrading and maintenance. The same applies to the community halls.

Other social facilities in the municipal area (under the jurisdiction of sectoral departments) are:

- Thirteen child care facilities (in the form of crèches)

- Two Old Age Homes
- Nineteen schools
- Three museums and/or galleries
- One Hospital (the Alan Blyth Hospital in Ladismith) and
- Several clinics in all towns, except for Van Wyksdorp.

Challenges:

The general cleaning of the environment and roadside (streets and sidewalks) is under strain. On average ten temporary workers are employed on a weekly basis to assist the five permanent employees to perform the street cleaning task.

Parks & Recreation

The municipality has four sports fields, which are not adequately taken care of due to the critical shortage of staff. The SAAR Garish Caravan Park has also fallen into disuse. During the new reporting year the possibility of entering into Public-Private-Partnerships (PPP) or outsourcing the management of the resort will be considered.

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Cemeteries

Kannaland is experiencing an acute shortage of land for burial with the 10 cemeteries across the municipal area having virtually reached their points of saturation. In Ladismith, 79 burial plots were made available during 2010/2011. The maintenance of the cemeteries is left up to one official and his temporary assistant.

4.3 Technical Services

The Technical Services division resorts under the management of the Director: Technical Services.

The complement of 58 staffers is responsible for rendering the following key trading services, i.e.

- Electricity
- Water Reticulation
- Sanitation (Waste Water Management)
- Solid Waste Disposal (Refuse Removal), and
- Roads and Storm Water Drainage.

These basic services provide our citizenry with clean drinking water in conjunction with effective sanitation and refuse removal. Roads need to be maintained to ensure mobility, and storm water drainage must cope with the actual and potential storm water runoff, discharging into natural watercourses. The Technical Division also provides for the economic distribution of electricity.

Disaster Management and Building Control also fall within the gamut of responsibility of Technical Services.

Electricity

A report commissioned by Kannaland Municipality in 2010 indicates that Kannaland has a large and growing electrical plant/equipment backlog which must be addressed a properly coordinated maintenance program. During the reporting period Kannaland Municipality partnered with the Development Bank of South Africa (DBSA) to conduct a assessment of infrastructure maintenance workload in the Kannaland area. This study determined the following priorities for the municipality with regard to its electricity:

- Maintenance/refurbishment of MV overhead lines Calitzdorp
- Maintenance/refurbishment of LV overhead lines Calitzdorp
- Energy loss investigation and rectification-Revenue Management
- Upgrade bulk supply to Calitzdorp
- Demand side management investigation-Revenue Enhancement
- Creation of additional operating poits on network

- **Upgrading switchgear in poor condition**
- **Maintenance of network transformers**

Eskom electricity to two towns, namely Ladismith and Calitzdorp. The Kannaland's electricity consumers are mainly categorized as follows:

• Households	3 640
• Business	206
• Bulk consumers	15
• Agriculture	17
• Educational	8
• Hospitals	1
• Municipal	29

Extent Current Hardware Assets

Asset	Extent
Length of electricity (overhead and underground)	222 437 m
Consumer Connection cable	107 800 m
Street light cable:	27 720 m
LV OH Conductor	46 200 m
MV Overhead Conductor	37 878 m
MV Underground Conductor	2 839 m
Number of substations	39
Number pole transformers	83
Number households connected	3081
Number streetlights	979

The rural areas of Zoar and Van Wyksdorp are supplied directly by Eskom. During the period 610 houses were fitted with solar powered geysers, under the Demand Side Energy Program. Electricity is readily available to Ladismith and Calitzdorp inhabitants. The first 50 units are provided free in the urban areas, while Eskom is paid a free basic services subsidy to provide a similar quantum in the rural areas.

During the same period the electricity losses were reduced by approximately 2 % (by attending to faulty meters, and by curbing non-technical/illegal connections.)

Challenges:

The age of the electrical equipment, and the lack of maintenance due to funding constraints, are the main challenges in terms of electricity reticulation. Plan prepaid meters roll out to curb electricity waste.

Water

Kannaland Municipality is the designated Water Services Authority in its demarcated municipal area. Ladismith is in need of greater water storage capacity in order to make provision for the summer months when rainfall is significantly less. This is in need to be addressed in the next financial year. The water works including the main line connecting it with Tierkloofdam, is in need of upgrade to ensure that end users have uninterrupted supply. The water mains of Calitzdorp from the Nelsdam to the waterworks must also be upgraded. The broken prepaid meters in Van Wyksdorp were replaced with conventional meters which has improved the management of water consumption. The supply from the eye to the waterworks has given problems and will also have to be addressed.

The sewage works in Zoar has received attention in this financial year and the second phase will be done in the next financial year. The bucket system has been phased out in Zoar and replaced with flush toilets and to date there are only six households which do not have flush toilets due to infrastructure shortcomings.

About 70% (4 530 households) of the population of Kannaland (6 420 households) has water in their dwellings, whilst 18% (1162 households) have piped water on their plots. Others collect water from taps within 200m of their dwellings (345 households) 278 households have piped water on community stands further than 200m from their dwellings, whilst others draw from boreholes (66), springs (21) and rainwater tanks (18 households). The average municipal bill for water is R 70 per month, which equates to about 6% of the monthly income.

Kannaland distributes treated water to 7 461 consumers, of which 91% receives the first 6,000 litres used per household per month free of charge.

Based on population estimates, The Department of Water Affairs estimates the future Water Demand as follows:

YEAR	2000	2005	2010	2015	2020	2030
Million m ³ /a	0.42	0.46	0.51	0.57	0.62	0.76

The average annual water consumption figures are shown below:

TOWN	Ladismith	Zoar	Calitzdorp	Van Wyksdorp	Total
Million m ³ /a	0.9	0.56	0.32	0.12	1.9

The average annual water supply capability is as follows:

TOWN	Ladismith	Zoar	Calitzdorp	Van Wyksdorp	Total
Million m ³ /a	0.959	0.573	0.383	0.151	2.066

The service reservoirs capabilities are as follows:

TOWN	Ladismith	Zoar	Calitzdorp	Van Wyksdorp	Total
kL	12500	2250	250	1415	17499

A great milestone during the 2009/2010 financial year was the commissioning of a potable water treatment works at Van Wyksdorp.

Another intervention which was introduced (due to financial considerations) was to revert to the more cost-effective conventional meters, as the pre-paid operational cost exceeded R 1000 per pre-paid meter per annum.

Challenges:

Ladismith needs increased water storage capacity. The water treatment plant is fully operational but further improvements should be investigated to ensure continuous water delivery to Zoar.

Sanitation (Waste Water Management)

Kannaland has three treatment plants, consisting of an oxidation pond system in Calitzdorp and Zoar, and a combination of biological and oxidation pond system in Ladismith. Kannaland renders services to 4 112 sewage points. The municipality maintains 5 pumpstations in Calitzdorp (2), Ladismith (1), Zoar (2).

Challenges:

There are still 91 dwellings in Van Wyksdorp with internal pit latrines, which is a matter that should be addresses swiftly. A total of 26.26% of the households throughout the municipal area do not have flush toilets. The septic tank system in specific sections of the municipal area (Calitzdorp & Van Wyksdorp) is quite unsatisfactory, and needs to be replaced as it pollutes the aquifers in those areas.

The bucket system has virtually been eradicated, with only 12 cases having lately been identified in Karoolande (Zoar) where buckets are still being used.

A recent study by the Development Bank determined that the main priorities with regard to sanitation is:

1. Calitzdorp Sewage Pumpstation.
2. Telemetry.
3. Cleaning oxidisation dams in Ladismith and Calitzdorp.

In the new year the Council intends replacing pit systems with flush toilet system.

Solid Waste Disposal (Refuse Removal)

Solid waste management includes the following services:

Service category	Service aspects considered
Refuse collection and removal	Waste generation, collection system, collection equipment, personnel, medical and hazardous waste.
Street cleaning	Regularity of service, equipment, personnel
Dumping site	Waste generation, collection and transportation, personnel, equipment, landfill operation, garden refuse dumping sites

Kannaland's has 4 landfills, Ladismith, Calitzdorp, Van Wyksdorp and Zoar with only two licenced sites at Zoar and Ladismith. The service is provided to 6700 households. The Municipality does not render garden refuse and building rubble removal services. The residents are responsible for the disposal of such. The priorities for solid waste management are as follows:

- Fencing of landfill sites
- Rehabilitation
- Ablution facilities at landfill sites
- Control offices
- Establishment of transfer officers
- Equipment



The estimated waste generation quantities are:

TOWN	Population (2009)	Total Estimated waste generation in tons/day (Business & domestic)	Total Estimated waste generation/p/p (Kg/p/day) domestic)
Ladismith	9 691	11.3	1.20
Calitzdorp	8 277	6.1	0.75
Zoar	7 841	5.8	0.75
Van Wyksdorp	658	0.5	0.75

Waste collection services:

AREA	Number of domestic service points	Number of commercial service points	Number of stands not serviced	Type of service/frequency	Receptacles
Calitzdorp	1 428	19	None	Weekly	Plastic Bags
Ladismith	2 986	33	None	Weekly	Plastic Bags
Van Wyksdorp	355	3	None	Once every two weeks	Plastic Bags
Zoar	1 381	9	None	Weekly	Plastic Bags

The implementation of a regional landfill site system (which is still in the planning stage) will ultimately assist Kannaland to deal effectively with its growing waste management needs.

Challenges:

The Calitzdorp and Van Wyksdorp dumping sites are unlicensed and have been de-commissioned. This requires an extension to the Ladismith and Zoar sites (or the development of a new site around Ladismith), and the transportation of waste from Calitzdorp and Van Wyksdorp to these sites.

During the reporting period a trucks which is an improvement on the previous year when it was removed by means of tractors and trailers have been used for waste collection purposes. The equipment at the dumping sites is also not sufficient to operate the landfill sites properly. Due to the lack in resources, waste covering **is irregular and windblown litter is a major concern.**



Roads and Storm Water Drainage

Roads are a major contributor to the economic activity and development in an area. Kannaland's road infrastructure is deteriorating and there are significant maintenance backlogs. Rural transport linkages have been identified as one of the major problem areas in this region. During the reporting period a survey was conducted of the municipal infrastructure of the municipality which has resulted in a detailed sector plan with projects, priorities, maintenance plans and budgetary implications. The replacement costs for Storm Water assets is R 30 434 977 and R 99 648 515 for the Roads Infrastructure.

The Kannaland Municipal Area has the following Road Infrastructure assets:

Road Infrastructure assets:	Unit	Quantity	Comments
Paved Roads	Area (m ²)	211 242	All class UB, UC and UD
Unpaved Road	Area (m ²)	164 899	Gravel and dirt roads
Structures	No	1	Gabion retaining wall
Taxi ranks	No	4	Commuter shelter
Footpaths	Length (m)	8 880	Estimated for Ladismith only
Road signs	No	1 776	Estimated for all wards
Stormwater Open Channel	Length (m)	12 999	Concrete and stone lined
Reticulation Pipelines	Length (m)	94 714	Underground reticulation
Minor culverts	Length (m)	5 035	Rectangular box culvert

Approximately 5,5% or 5,33 km of the Kannaland road network is in a poor or very poor condition. The replacement value of the roads network in Kannaland is estimated at approximately R36m. The average public transport operations in the municipal area (1 formal Taxi Rank in Ladismith) are as follows:

Number of routes:	22
Number of operators:	16
Number of trips per day:	18
Number of unique vehicles surveyed:	18
Number of passengers per day:	165

Analysis of Roads Infrastructure

Town	Status	Area
Van Wyksdorp	Unpaved	19 813 m ²
Calitzdorp	Paved	58 988 m ²
	Unpaved	31 292 m ²
Zoar	Paved	34 845 m ²
	Unpaved	100 234 m ²
Ladismith	Paved	115 450 m ²



	Unpaved	13 455 m ²
Provincial and district roads		533 72 m ²

Kannaland's primary public transport corridor is the "Route 62". R62 connects Ladismith, Zoar and Calitzdorp, and further to the west, the R62 connects Ladismith to Barrydale and the Breede River Valley. The R323 links Ladismith to Riversdale.

Of a total of 89,9 km roads, 54,38 km is surfaced and 36,6 km is unsurfaced. The R327 to Van Wyksdorp is a gravel road. Approximately 5,5% or 5,33 km of the Kannaland road network is in a poor or very poor condition.

During the reporting period Proteapark, in Zoar, was paved (estimated 5 km.) The maintenance of roads remains a challenge and will be addressed in the new year with the following priorities having been identified:

Challenges:

1. Regravelling and reshaping gravel road.
2. Resealing roads in Ladismith.
3. Flood damage of bridge in Zoar.
4. Cleaning stormwater drainage.
5. Repairing roads in Nissenville.
6. Repairing roads in Zoar.
7. Repairing roads in Van Wyksdorp.
8. Repairing roads due to flooding.
9. Repairing stormwater system due to flooding.
10. Repairing street signage.

Disaster Management, Fire & Rescue

The Disaster Management function is provided through a cooperation agreement between Kannaland and Eden District Municipality. The following incidents took place during the reporting period:

Fires (includes structural fires, veld fires and all other fire related incidents within the KannalandMunicipal boundaries):	63
Motor vehicle accidents:	27
Accidents(ordinary):	11
Water provision in draught stricken areas:	5



4.4 Corporate Services

Performance against KPA's

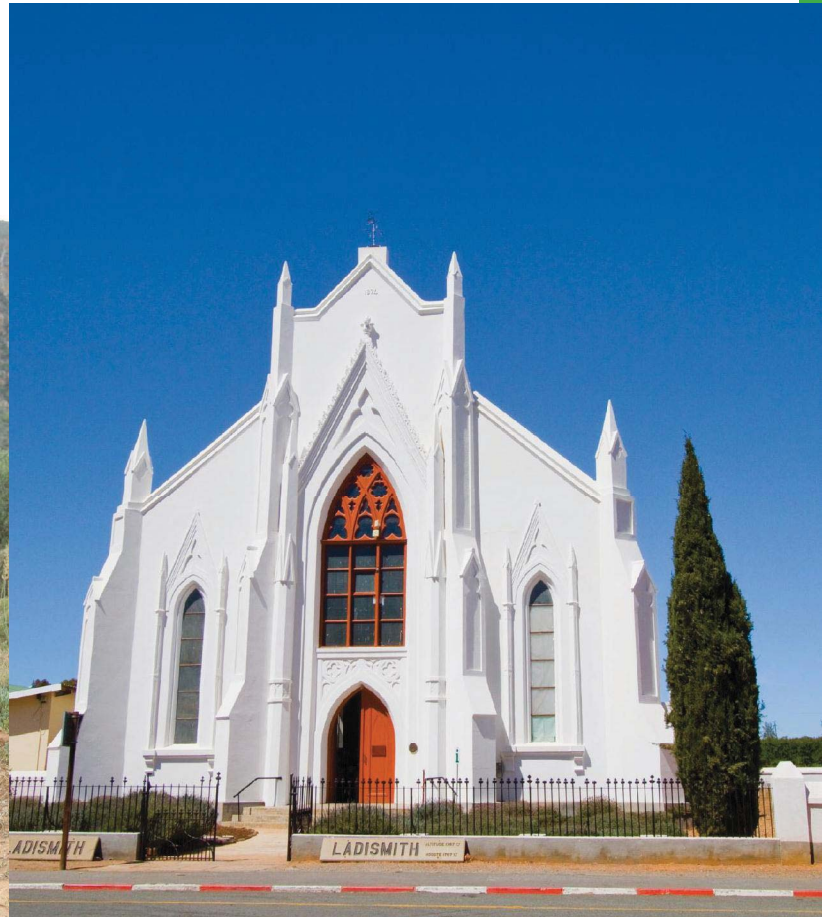
During the previous reporting period the Manager Corporate services resigned due to ill health and the position has only been filled during the 2011/2012 financial year. Therefore performance information was not available for the period under review.

4.5 Financial Services

During the year under review the following policies were adopted as part of the Turnaround Strategy which was adopted during January 2011:

- Credit and debt Collection (5/10/b)
- Cash flow and investment (5/9/b)
- Funding and reserves (5/4/b) Supply Chain (8/1/b)
- Budget (5/1/b)
- Tariffs (5/5b)
- Indigent and support to poor households(5/10/b)
- Grants in aid Policy (5/8/b)
- Bad debt (bad debt write off) (8/1/b)
- Revenue enhancement policy
- Performance against KPA's

During the reporting period the Municipal Manager and his management team came to an agreement with the Council that their contracts would be ratified so that the financial performance bonus would fall away. Whether this is indeed allowed in terms of the Performance Management Regulations is unclear, but the net effect of this has been that there were **no performance evaluation reports available. At the end of November 2010, Council suspended the Municipal Manager Mr De Lange and the Chief Financial officer, Mr La Lore, so consequently performance assessment was not conducted.**



FINANCIAL PERFORMANCE

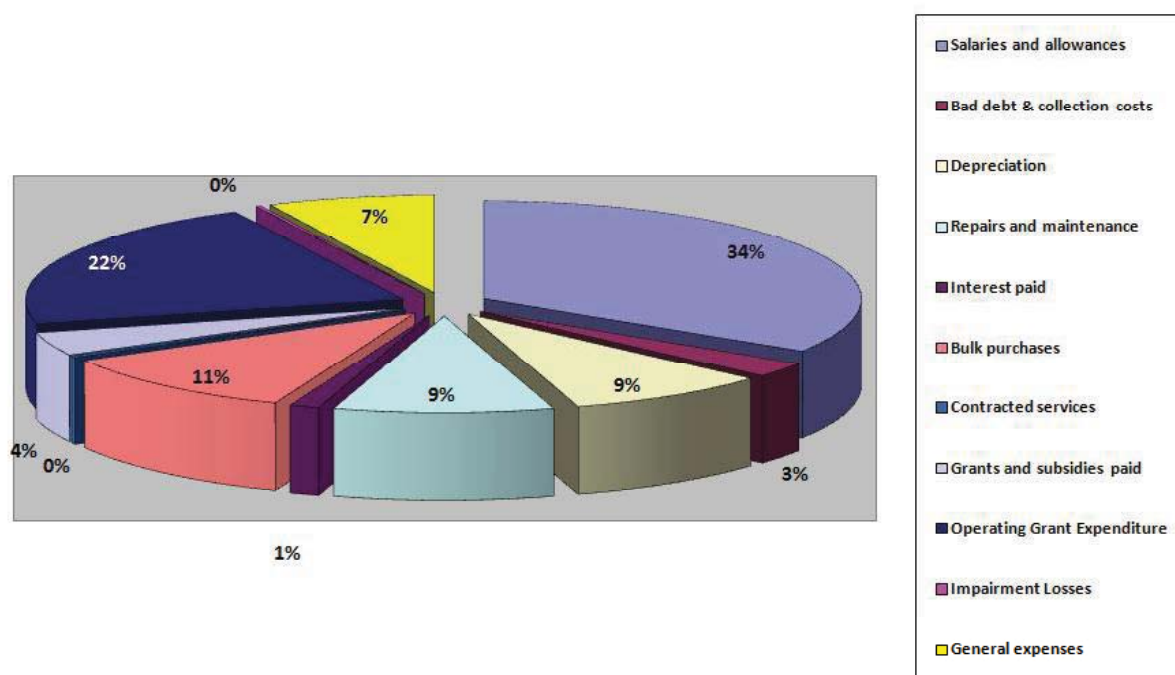
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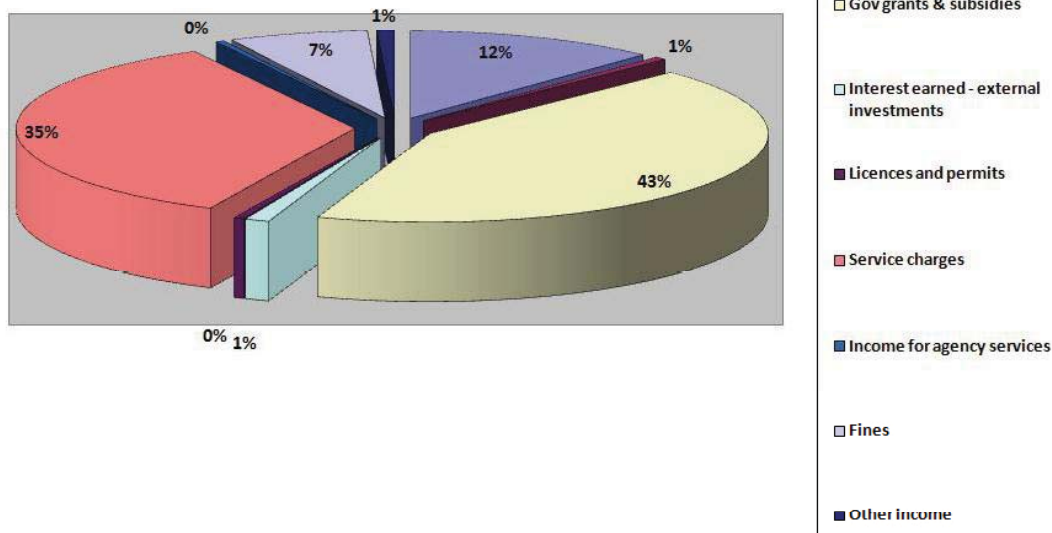
5.1 Operating results

Year	Revenue				Operating expenditure			
	Budget	Actual	Diff	%	Budget	Actual	Diff	%
	R'000	R'000	R'000		R'000	R'000	R'000	
08/09								
09/10								
10/11								

Total operating expenditure 2010/11 (Outstanding)



Total revenue 2010/11 (Example only)

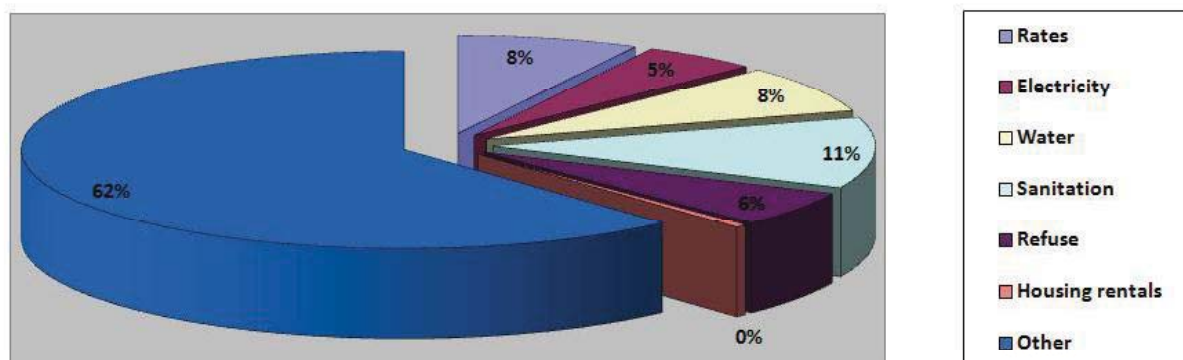


5.2 Outstanding debtors

Gross outstanding debtors per service and total debtor age analysis as at 30 June 2011

Financial year	Rates	Trading services (Electricity and Water)	Economic services (Sanitation and Refuse)	Housing rentals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2009/10	10,530,251	4,792,821	24,281,959	516,169	595,348	40,716,548
2010/11	11,340,413	5,809,543	27,512,254	536,091	642,349	45,840,650
Difference	-810,162	-1,016,722	-3,230,295	-19,922	-47,001	-5,124,102
% growth year on year	7.69%	21.21%	13.30%	3.86%	7.89%	12.58%

Gross outstanding debtors (Excluding provision for bad debt) (Example only)



Total debtors age analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2009/10	2,615,268	901,199	788,415	36,411,666	40,716,548
2010/11	2,730,833	1,208,234	770,463	41,131,120	45,840,650
Difference	-115,565	-307,035	17,952	-4,719,454	-5,124,102
% growth year on year	4.42%	34.07%	-2.28%	12.96%	12.58%

5.3 Viability indicators

Level of reliance on grants and subsidies

Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2008/09	27 962 818	66 800 531	14.8
2009/10	41 595 689	73 892 441	43.7
2010/11	As restated in financial statements	As restated in financial statements	As restated in financial statements

Liquidity ratio

Financial year	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
2008/09	18 613	26 106	0.71 : 1
2009/10	As restated in financial statements	As restated in financial statements	As restated in financial statements
2010/11	As restated in financial statements	As restated in financial statements	As restated in financial statements

5.4 Audit outcomes

Year	2007/08	2008/09	2009/10	2010/11
Status	Disclaimer	Disclaimer	Negative audit finding	

Detail on 2009/10 audit outcome

Issue raised	Corrective step implemented
As stated in audit report 2009/2010	Turnaround Strategy (LGTAS) Appointment service providers GRAP Steering Committee Internal audit Risk Management Supply chain Management Policy and establishing SCM unit Asset Management Debt recovery as part of Revenue enhancement strategy Financial Policy revision and development of financial policies

5.5 Equitable share vs total revenue

Description of revenue	Amount received 2008/09	Amount received 2009/10	Amount received 2010/11
Equitable share	9 925 473	11 942 509	15 563 185
Capital grants	14 594 168	19 804 241	10 241 000
Operating grants	3 348 825	3 359 673	2 955 000
Own revenue	38 837 715	34 752 942	47 455 138
Total revenue	66 706 180	69 859 366	47 455 138

5.6 Repairs and maintenance as percentage of OPEX

	2008/09	2009/10	2010/11
Total Operating Expenditure	67 456 084	75 775 607	As stated in financial statements
Repairs and Maintenance	1 755 446	2 544 419	As stated in financial statements
% of total OPEX	2.60%	3.36%	As stated in financial statements

5.7 Capital funded by source

Description Source	2008/09	2009/10	2010/11
External loans	3 800 000		2 250 000
Grants and subsidies	13 950 000	15 524 000	18 828 000
Public contributions and donations			
Own funding	30 000		610 000
Other			
Total capital expenditure	17 780 000	15 524 000	21 688 000

FINANCIAL STATEMENTS

CHAPTER 6

Kannaland Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

REPORT OF THE EXECUTIVE MANAGER: FINANCIAL SERVICES / CFO

1. INTRODUCTION

I hereby present the financial position of Kannaland Municipality for the fiscal year 2010/2011.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Kannaland Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process, the worth of which is at best minimal. In times when municipalities are battling to balance their budgets and when there is little or no local economic growth, to be able to know what the depreciated replacement cost of a pipe buried three metres under the ground beggars belief. It was once said that municipal financials were opaque and there was truth in that statement, but in making them less opaque and embracing transparency, we have assumed that people will understand them better and, even more so, that they actually care about what they are reading. People, just like banks and credit agencies, want to know what the budget is, what the debtors are like and have you got cash to pay your creditors. Nothing we have done in the last six years, in order to reach GRAP compliance, changes that.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom issues continue to play havoc with good financial management. The Kannaland economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial bureaucrats take heed of this fact before making any incorrect or ill-conceived statements or judgements.

Financial Statement Ratios:

INDICATOR	30 June 2011	30 June 2010
Surplus / (Deficit) for the year before Appropriations	486 306	(3 073 969)
Accumulated Surplus / (Deficit) at the end of the Year	160 345 759	159 859 453
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	31.45%	26.86%
Remuneration of Councillors	3.68%	3.01%
Debt Impairment	6.80%	5.95%
Depreciation and Amortisation	10.69%	10.29%
Impairments	0.01%	0.00%
Repairs and Maintenance	1.95%	3.02%
Actuarial losses	0.50%	0.00%
Finance Charges	3.01%	2.65%
Bulk Purchases	23.11%	20.75%
Contracted services	0.85%	0.11%
Operating Grant Expenditure	6.29%	14.52%
Grants and Subsidies	0.00%	0.14%
General Expenses	11.55%	11.84%
Loss on disposal of Property, Plant and Equipment	0.00%	0.84%
Current Ratio:		
Creditors Days	189	154
Debtors Days	392	422

One indicator needing comment is that of repairs and maintenance. Asset of Council is not maintained adequately. This expenditure % is below National Treasury's guidelines. Assets are not safeguarded as per MFMA requirements.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2011 are as follows:

DETAILS	Actual 2010/2011 R	Actual 2009/2010 R	Percentage Variance %	Budgeted 2010/2011 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	159 859 453	162 933 422	0.00%		
Operating income for the year (incl. gains in disposal of assets)	77 845 931	75 114 414	0.00%	82 763 687	-5.94%
	237 705 384	238 047 836	0.00%	82 763 687	
Expenditure:					
Operating expenditure for the year	77 359 625	78 188 383	0.00%	69 512 436	11.29%
Closing surplus / (deficit)	160 345 759	159 859 453	0.00%		
	237 705 384	238 047 836	0.00%	69 512 436	
	-			-	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 11,466,651.00, and in percentage terms amounts to 61 % of budget. For details of Property, Plant and Equipment are disclosed in note number 12 to the Annual Financial Statements.

Capital Budget:

DETAILS	Actual 2010/2011	Budgeted 2010/2011	Variance actual/ budgeted
	R	R	R
Executive & Council	11 119	-	11 119
Corporate	66 086	-	66 086
Finance	28 112	-	28 112
Strategy	-	-	-
Road Transport	5 017 125	-	5 017 125
Community	256 678	12 445 000	(12 188 322)
Electricity	5 334 346	6 363 000	(1 028 654)
Technical	753 185	-	753 185
	11 466 651	18 808 000	(7 341 349)
			-

Details of the results per segmental classification of capital expenditure are included in Note number 39.3.

5. LONG-TERM LIABILITIES

	2011 R	2010 R
The outstanding amount of Long-term Liabilities as at 30 June was :	17 114 776	17 654 048
New loans taken up during the financial year to enable the municipality to finance part of its capital requirements.	-	-

Refer to Note number 2 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:

	10 672 518	9 566 792
Provision for Post Retirement Benefits	5 314 646	4 543 178
Provision for Long Service Awards	764 072	707 133
Provision for Rehabilitation of Landfill-sites	4 593 800	4 316 481
	10 672 518	9 566 792

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 4 and 5 for more detail.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 5	543 341	520 849
Current Employee benefits	Note number 6	2 134 993	1 531 318
Payables from exchange transactions	Note number 8	11 832 814	9 596 752
Unspent Conditional Government Grants and Receipts	Note number 9	5 528 678	8 767 563
Taxes	Note number 10.1	2 245 418	1 866 122
Current Portion of Long-term Liabilities	Note number 2	539 193	471 297
		22 824 437	22 753 901

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months).

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	206 415	263 960
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to note number 13 for more detail

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	200 324 066	197 737 711
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Refer to note number 11 for more detail

10. INVESTMENTS

The municipality held Investments to the value of :	3 124 341	2 749 438
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This investment are pledged as security for long term liability (refer to note 2 of AFS)

Refer to note number 15 for more detail

11. LONG-TERM RECEIVABLES

10 166 13 691

Refer to note number 16 for more detail (Golf Club Loan)

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 17	1 061 260	1 239 385
Receivables from exchange transactions	Note number 18	3 297 127	3 008 926
Receivables from non-exchange transactions	Note number 19	589 805	311 577
Unpaid Conditional Government Grants and Receipts	Note number 9	789 914	506 373
Operating Lease Asset	Note number 20.1	5 500	12 288
Current Portion of Long-term Receivables	Note number 16	3 525	3 259
Cash and Cash Equivalents	Note number 21	853 063	3 246 690
		6 600 194	8 328 498

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to note 23 for more detail

14. EVENTS AFTER THE REPORTING DATE

Full details of all events after reporting date are disclosed in note 45.

15. FINANCIAL AND OTHER CONCERNS

I need to list the following concerns that impede the financial sustainability of Council going forward.

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15.3) Meter management (Water and electricity) is a huge challenge for the municipality, which hampers the issuing of credible account statements to ratepayers. For example, no water meters were installed and read for the entire Zoar for the year under review (1800 households). This is not only a loss in terms of revenue for the municipality, but water management as a scarce resource also takes its strain.

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15.5) The overall credibility of the billing system is in question. Various data cleansing activities needs to be driven by management and the financial department to clean up the master data within the current billing system.

15.6) Various long outstanding payments still remains a huge concern and needs to be dealt with accordingly. These payments include the following:

- SARS – R 2,3 m
- Compensation Commissioner – R 1,1 m

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15.8) The cost of compliance and legal services of Council is currently not affordable.

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16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.

NIGEL DELO
EXECUTIVE MANAGER: FINANCIAL SERVICES / CFO
14 December 2012